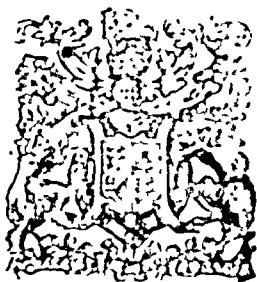


INDIAN LOCAL SELF-GOVERNMENT POLICY, 1915

*BEING A RESOLUTION
ISSUED BY THE GOVERNOR GENERAL IN COUNCIL
ON THE 28th APRIL 1915*



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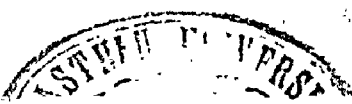
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INDIAN LOCAL SELF-GOVERNMENT POLICY, 1915.

RESOLUTION BY THE GOVERNMENT OF INDIA, DEPARTMENT OF EDUCATION, NOS. 55—77 (MUNICIPALITIES), DATED THE 28TH APRIL 1915.

Local Self-Government Policy of the Government of India.

LOCAL self-government as a conscious process of administrative devolution and political education dates, outside presidency towns, from the financial reforms of Lord Mayo's government. Consultative committees had indeed been appointed in various towns in 1850, and measures were taken in 1864 and following years to give effect to the recommendations of the report of the Royal Army Sanitary Commission, which was published in 1863, but no comprehensive scheme was introduced until the years following 1870. Legislation affecting several provinces was then undertaken. Lord Ripon's government in 1882 carried still further the principles of local self-government with the object, by measures cautiously but substantially progressive, of inducing the people themselves to undertake, as far as might be and subject to necessary control from without, the management of their own local affairs, and of developing and creating, if need be, a capacity for self-help in respect of all matters that had not, for administrative reasons, to be retained in the hands of a representative of Government. Various Acts were passed, by which the elective

principle, financial independence and the reduction of official control were given a wide extension. In two resolutions nos. $\frac{1}{146-164}$, dated the 24th October 1896, and nos. 18—37, dated the 20th August 1897, respectively, Lord Elgin's government again reviewed the subject and laid down further conditions of progress. Important principles have, from time to time, been considered by the Government of India in connection with the revision of local self-government Acts and otherwise, and recently the whole field of policy has, in their survey of Indian administration, been ably and exhaustively reviewed by the Royal Commission upon Decentralization.

2. The Governor-General in Council is glad to be assured by the report of the Commission and the opinions of local Governments and Administrations upon it, that the results have on the whole justified the policy out of which local self-government arose. The degree of success varies from province to province and from one part of a province to another, but there is definite and satisfactory evidence of the growth of a feeling of good citizenship, particularly in the towns. The spread of education is largely responsible for the quickening of a sense of responsibility and improvements in the machinery. In certain provinces, beneficial results have followed the elaboration of a system of local audit. On all sides there are signs of vitality and growth.

3. The obstacles in the way of realising completely the ideals which have prompted Future general policy. action in the past are still, however,

by no means inconsiderable. The smallness and inelasticity of local revenues, the difficulty of devising further forms of taxation, the indifference still prevailing in many places towards all forms of public life, the continued unwillingness of many Indian gentlemen to submit to the troubles, expense and inconveniences of election, the unfitness of some of those whom these obstacles do not deter, the prevalence of sectarian animosities, the varying character of the municipal area, all these are causes which cannot but impede the free and full development of local self-government. The growing demand among the educated classes in towns for greater efficiency, involving more direct expert control, in matters affecting public health and education, is a further influence of a different character. A similar tendency, it may be observed, is discernible in England and in other European countries, the Governments of which have shown a growing disposition to place on central authorities the duty of stimulating and encouraging local bodies in cases of default or deficiency on their part, and to give to the former powers of intervention and, in case of need, of actual supersession of the latter. These and similar considerations indicate the need for caution in delegating powers to non-official bodies, when they are not as yet adapted nor prepared for them. But on the whole the Government of India declare unhesitatingly in favour of a general policy of further progress, limited only by such conditions as local circumstances may dictate. Uniformity, even were it attainable, would be undesirable as tending to monotony, lifelessness and discouragement of new experiments. But, in fact, any attempt to exact uniformity in local administration

would be foredoomed to failure. In each province, sometimes in each part of a province, the administrative system has grown up on lines of its own with reference to local needs and the wishes and abilities of the people. On a review of all the circumstances, the Government of India have decided to accept in almost every case the conclusion of the local Government or Administration as to the degree of progress possible at the present time. But in the more backward provinces in particular, it is their conviction that there is room for advance, and that the aim to be steadily pursued is abstention from interference in detail and increased reliance on the non-official element in local bodies.

4. Local Governments and Administrations in general are prepared to advance in the direction of the main recommendations of the Commission.

Reforms accepted by local Governments.

They propose in varying degrees to expand the electoral element in the constitution of local bodies, to extend the employment of non-official chairmen in municipalities, to allow local bodies more ample control over budgets and freer powers of reappropriation, to concede increased authority to local bodies over establishments and to relax existing restrictions in regard to outside sanction for expenditure on works of importance. These changes will mark a real and immediate extension of the principles of local self-government.

5. The Government of India now propose to state the principal conclusions that have been reached after full discussion in the public press, in debates of the Legislative Councils, and in consultation with local Governments and, in certain matters, with His Majesty's

Secretary of State, on the questions that arise respecting (1) towns, (2) districts, (3) villages or other small local areas ; in other words, in relation to (1) municipal boards, (2) district and sub-district boards, and (3) panchayats or other unions. In each case they will consider the constitution of the local body, its ability to tax and its powers in regard to its budget and its establishment. Finally, they will deal with the recommendations of the Commission in connection with presidency towns and Rangoon.

MUNICIPAL BOARDS.

6. The Commission recommended that municipal boards should ordinarily be constituted on the basis of a substantial elective majority, and that nominated members should be limited to a number sufficient to provide for the due representation of minorities and official experience. This recommendation has already been adopted in several provinces and is generally accepted by local Governments and the Government of India, subject to the proviso that the principle should in places, where its success is doubtful, be introduced gradually, and after experiment in selected municipalities.

7. The Commission also proposed that the municipal chairman should usually be an elected non-official, that Government officers should not be allowed to stand for election, and that where a nominated chairman might still be required he should be an official. The following statistics show how in the different provinces chairmen of

municipalities are at present secured :—

Number of chairmen of municipalities, elected and nominated, officials and non-officials.

Province.	Elected non-officials.	Elected officials.	Nomina- ted non-officials.	Nomina- ted officials.	TOTAL.
Madras	38	2	15	8	63
Bombay	53	37	3	60	153
Bengal	74	10	8	19	111
United Provinces	20	34	19	11	84
Punjab	15	77	1	11	104
Burma . . . . .	...	41	...	4	45
Bihar and Orissa	7	7	5	36	55
Central Provinces and Berar	12	36	...	8	56
Assam	3	4	...	8	15
North-West Frontier Province . . . . .	...	...	...	6	6
Coorg . . . . .	...	...	...	2	2
Delhi . . . . .	...	...	...	1	1
Total	222	248	51	174	695

8. The majority of local Governments are in favour of substituting, so far as possible, Non-official chairmen. non-official for official chairmen, and the Government of India are in full sympathy with the proposal. The increasing burden of administration, apart from other considerations, renders it desirable that the district officer should be relieved of the executive control of municipal bodies. The Governor-General in Council recognises, however, that the change must be made gradually, and that in the absence of suitable

candidates, it may not be possible to make it finally and once for all in particular places. He agrees with the opinion expressed in several quarters that discretion should be reserved to a local Government to nominate a *non-official* as chairman. Many gentlemen of influence, well fitted to be chairmen of boards, are not prepared to offer themselves for election, and insistence on election as the only alternative to the nomination of an official would unnecessarily narrow the field of choice. Nor does it appear necessary to prohibit boards under any circumstances from electing an official as their chairman. It may be desirable, however, to require the election of an official as chairman to be confirmed by the Commissioner, or even higher authority.

9. The Commission suggested that some of the largest cities should adopt the system in force in Bombay city, where there is an elected chairman, who is the official mouthpiece of the corporation as a whole, the executive administration, however, vesting in a full-time nominated official subject to the control of the corporation and of a standing committee thereof. In the Bombay District Municipal Act, 1901, also there are provisions under which a Chief Officer can be appointed by a city municipality, on its own initiative or at the instance of the Governor in Council. The Governor in Council may also appoint an executive officer known as the Municipal Commissioner for any municipal district which contains one hundred thousand inhabitants, or for any other municipal district on the application of the municipality, provided that such application has been previously supported by not less

The Bombay system
in larger municipalities.

than two-thirds of the whole body of councillors. A Municipal Commissioner has in some respects more extensive powers than a Chief Officer. Under this arrangement the direction of the general policy of a municipality vests in the whole body of councillors, while the executive power, with certain reservations, vests in the Municipal Commissioner. The municipal committee may cause him to furnish any returns and reports on matters appertaining to municipal administration and they retain financial control. The Chief Officer or Municipal Commissioner is not removeable, except by order of the Governor in Council, or by the vote of three-fourths of the whole number of councillors. These officers exercise certain executive powers specifically conferred on them by the municipal Act, and such other powers as may be delegated to them under the provisions of the Act; and the Governor in Council may require that they shall be invested with any powers which can be lawfully delegated. The system works well in Bombay. The Government of India do not desire to press for its adoption in provinces where it may not be suited to the local conditions. They are, however, of opinion that it has the advantages of ensuring a continuous and strong executive administration by an efficient paid staff, while maintaining the corporate control and activity of the municipal board. It is in fact not dissimilar to the system in force in England. They commend it to local Governments as a means of overcoming, at any rate in large cities, the difficulties inherent in the introduction of the important changes contemplated, especially when non-official chairmen are busy professional men. In smaller towns

they suggest that the object aimed at might be attained by the wider delegation of executive functions to responsible secretaries, engineers and health officers and that power to enforce such delegation might be secured by legislation.

10. The aggregate income of 701 municipalities in existence at the close of 1912-1913
 Financial resources. (excluding the presidency towns and Rangoon) amounted to £3,282,845 (₹4,92,42,675) apart from loans, sales of securities and other extraordinary receipts, or an average of about £4,683 (₹70,245) a year. This income was distributed as follows :—

	£
Madras	454,908
Bombay	586,054
Bengal	339,979
United Provinces . .	592,391
Punjab	435,039
Burma	292,524
Bihar and Orissa . .	145,270
Central Provinces . .	177,496
Berar	37,594
Assam	34,764
North-West Frontier Province	72,560
Coorg	3,700
Delhi	110,566*
	<u>£3,282,845 (₹4,92,42,675)</u>

* NOTE—The figures are abnormal on account of large grants from Government during the year.

The following further statements show the proportions under various heads of municipal income and expenditure respectively in the different provinces for the year 1912-1913.

Income.

Province.	PERCENTAGE OF TOTAL INCOME FROM MUNICIPAL RATES AND TAXES DERIVED FROM								PERCENTAGE OF TOTAL INCOME EXCLUDING LOANS AND ADVANCES DERIVED FROM				
	Octroi.	Tax on houses and lands.	Tax on animals and vehicles.	Tax on professions and trades.	Tolls.	Water rate.	Conservancy tax.	Other taxes.	Taxation.	Under special Acts.	Municipal property.	Grants from Govern- ment and other sources.	Miscellaneous.
Madras . . .	...	45.0	10.2	8.6	19.0	16.8	...	0.4	44.0	0.3	15.1	36.4	4.2
Bombay . . .	46.9	16.3	3.2	0.3	4.5	16.9	8.0	3.9	62.6	0.5	16.4	17.1	3.4
Bengal . . .	...	37.2	5.5	1.8	2.1	13.9	25.1	14.4	75.8	2.1	8.4	11.5	2.2
United Pro- vinces.	69.2	5.4	1.0	3.8	2.8	6.6	1.1	10.1	62.8	1.6	19.7	13.6	2.3
Punjab . . .	89.7	6.8	0.8	...	...	1.3	1.2	0.2	63.1	0.8	19.3	13.7	3.1
Burma . . .	...	42.5	3.7	...	14.0	9.2	20.6	10.0	38.1	1.1	42.3	17.2	1.3
Bihar and Orissa.	1.7	40.7	9.5	1.8	5.6	3.5	21.6	15.6	62.5	1.4	9.9	25.1	1.1
Central Pro- vinces.	61.6	3.3	4.3	0.1	1.2	15.3	10.9	3.3	60.3	2.7	16.3	16.4	4.3
Berar . . .	...	20.7	4.3	26.8	10.4	4.6	20.5	12.7	47.9	8.2	13.5	29.5	0.9
Assam . . .	...	40.5	7.6	...	9.9	11.6	22.1	8.3	36.8	4.0	10.8	47.3	1.1
North-West Frontier Province.	98.0	0.6	0.1	...	...	1.2	0.1	...	42.1	0.2	15.9	41.1	0.7
Coorg . . .	...	62.7	3.9	18.9	7.1	7.4	...	...	28.7	2.6	11.9	56.8	...
Delhi . . .	80.2	13.1	4.8	...	1.9	...	...	...	38.5	0.3	19.8	39.5	1.9

Expenditure.

Province.	PERCENTAGE OF MUNICIPAL EXPENDITURE ON							
	General adminis- tration.	Public safety.	Water-supply and drainage.	Conservancy.	Public works.	Other measures for public health and convenience.	Public instruction.	Miscellaneous.
Madras . . .	6·9	4·2	10·5	20·3	27·6	13·2	10·2	7·1
Bombay . . .	8·5	5·2	25·1	14·1	14·3	10·5	15·2	7·1
Bengal . . .	7·2	6·9	24·7	26·8	16·4	7·5	3·3	7·2
United Provinces .	10·2	6·0	27·7	17·2	13·9	6·2	4·5	14·3
Punjab . . .	12·0	6·1	16·8	13·8	15·5	15·9	10·6	9·3
Burma . . .	10·1	6·6	10·7	19·3	18·3	25·5	4·3	5·2
Bihar and Orissa .	8·2	5·5	12·7	28·3	15·7	21·9	3·0	4·7
Central Provinces .	11·1	3·2	30·4	15·9	10·3	11·9	10·2	7·0
Berar . . .	9·4	4·6	24·4	21·6	8·9	10·5	18·3	2·3
Assam . . .	5·7	3·8	32·6	23·3	19·4	7·9	4·2	3·1
North-West Frontier Province.	10·8	7·4	11·1	16·5	13·7	21·3	14·3	4·9
Coorg . . .	10·8	3·4	1·6	19·3	9·6	8·4	16·5	30·4
Delhi . . .	7·4	4·0	33·5	18·0	10·9	11·0	1·8	13·4

11. The taxes, tolls and fees which may ordinarily be levied by municipalities are provided for in the municipal enactments in force in the different provinces. They are imposed in most cases with the previous sanction of the

Taxation.

tax is collected through the agency of the railway companies, who should be adequately remunerated for their services. The Government of India are prepared to facilitate negotiations to this end. The Government of Bombay have assented to the tentative replacement of octroi by a terminal tax in a few municipalities selected from those desirous of making the experiment. The question is under consideration or experiment in other provinces also. The Government of India while adhering to the principle that municipal taxation should not operate, so far as can be avoided, as a transit duty on through trade, are prepared to concede that a light terminal tax with no refunds may in practice prove less burdensome to through trade than the octroi system as hitherto administered, provided that the following conditions are observed—*viz.*, (1) that the terminal tax, wherever imposed, should be substantially lower in its rates than the octroi which it replaces, (2) that it should be limited to places where there are special grounds for applying it, which must be adequately demonstrated, (3) that it should be regarded as facilitating the transition to a system in which direct taxation will form an increasingly important factor, and not as an elastic means of progressively increasing the resources of municipalities apart from normal development due to increase of traffic and (4) that it should not be adjusted with the primary object of compensating municipalities for the loss of octroi.

14. The house and land tax is the chief source of municipal income in Madras, Bengal, Burma, Bihar and Orissa, and Assam and it has been imposed with some success

in portions of Northern India. This tax, however, is difficult of assessment, in many places, where it is the custom to own rather than to rent dwelling houses, because in such cases the house affords no indication of the financial status of the owner. Many aristocratic but impoverished families live in large buildings which are merely relics of vanished prosperity, while the rich trader often remains content with the humble dwelling in which he was born. There is, however, a growing tendency on the part of the professional and trading classes to spend a larger proportion of their incomes on securing sanitary accommodation, so that it is reasonable to anticipate that the house tax revenue will gradually expand, and will generally be contributed by those best able to pay. The technical and administrative difficulties of assessment have in places been overcome by entrusting the preparation and periodic revision of registers to outside agency.

15. A tax on professions and trades yields a considerable revenue in certain provinces, *e.g.*, £17,239 (R2,58,591) in Madras, £4,697 (R70,465) in Bengal, £14,106 (R2,11,599) in the United Provinces and £4,869 (R73,036) in the Central Provinces. It has also been imposed in some towns in Northern India. But neither it nor the tax on circumstances and property is likely to yield a large revenue, and there is always danger lest local taxation of this kind encroach on the field of Imperial taxation.

16. In Benares there is a form of terminal tax which is imposed, with certain exceptions, on passengers coming to

Tax on pilgrims.

or leaving that station by rail. There is a radius of exemption beyond which the tax is levied and it is collected by the railway companies as a surcharge on railway fares. A similar tax is also in force in Calcutta which is levied by the Calcutta Improvement Trust and is collected from passengers entering or leaving that city by rail or steamer. In Hardwar, Ajudhia and Thaneswar, there is a tax on pilgrims and other persons who enter the limits of those municipalities. The tax at Hardwar is levied on railway passengers throughout the year, while that at the other two municipalities is imposed only on the occasion of certain special fairs. In Bombay a pilgrim tax may be levied under section 59 (b) (x) of the District Municipal Act, III of 1901.

17. The Commission were of opinion that municipalities should have full liberty to impose or alter taxation within the limits laid down by the municipal laws but that the sanction of an outside authority to any increase in taxation should be required where the law did not prescribe a maximum rate. Subject to the general control of the Government of India over the principles to be followed, the sanction of the local Government is at present necessary to every proposal for the imposition of taxation. A maximum rate is prescribed in the Madras, Bengal, and Burma Acts, and in the Punjab, United Provinces and Central Provinces, so far as regards the tax on buildings and lands; but none is laid down in Bombay. The recommendations of the Commission do not command general assent. It is pointed out, for instance, that a municipality might reduce its taxation without due consideration to the

needs of the administration and the security of loans. The Government of India, while recognizing the force of such objections, are, on the whole, in general sympathy with the Commission's recommendations. They think, however, that power to vary any tax might be reserved by such local Governments as are unable to accept in full the recommendations of the Commission and that in the case of indebted municipalities the previous sanction of higher authority should be required to any alteration of taxation.

18. Municipal finance has shown a marked expanse during the last decade. The total Subventions by Government. income of 701 municipalities in 1912-1913 was £3,282,845 (₹4,92,42,675) as compared with £1,844,081 (₹2,76,61,215) for 753 municipalities in 1902-1903. Contributions from Government have materially assisted this expansion. Since 1911, the Government of India have made grants amounting to £3,076,466 (₹4,61,47,000), of which £368,200 (₹55,23,000) are recurring, for urban sanitation. Municipalities have also received their share—the exact figure is not easily ascertainable—of the large educational grants made by the Government of India since 1911, amounting to about £3,987,800 (₹5,98,17,000), of which £826,666 (₹1,24,00,000) are recurring. Municipal boards have been relieved of all charges for the maintenance of police within municipal limits. In almost every province the recommendation that municipalities should be relieved from financial responsibility for famine relief and should receive assistance from Government in the case of severe epidemics, has been already given effect to, or the principle has been accepted.

There is a growing demand on every side for

improvements and it is not possible for all municipalities to finance large schemes of water supply and drainage without substantial aid. Such aid has been freely given by the Imperial and local Governments. The power of the Government to make grants is, however, limited and financial assistance of this nature cannot be expected unless the rate-payers are prepared to bear a reasonable proportion of the burden. Where, however, further taxation is not possible the Government of India trust that municipalities will bear in mind the possibility of supplementing taxation by development of municipal property, so as to ensure the best possible returns and by maintaining the principle that special services such as the supply of water, electric lighting, etc., should, as far as possible, pay for themselves.

The Government of India have also accepted a further recommendation of the Commission, namely, that assistance may legitimately be given by Government to poorer municipalities which, without it, would be unable to carry on the normal standard of administration required from them. In such cases, the Government of India agree with the Commission that assistance can best be given, when it is given, by a general recurring grant-in-aid, which should be at the discretion of the local Government and met from its own resources.

19. The Commission proposed that if a municipal
 Payment and control or rural board has to pay for a
 of services. service it should control it, and
 that where it is expedient that the control should be
 largely in the hands of Government, the service should
 be a provincial one. The Government of India while
 not prepared to accept the proposal in full have approved

it in a somewhat modified form. They consider that charges should be remitted in cases where a local body contributes to Government for services inherent in the duty of supervision and control by Government officers, or for services which cannot expediently be performed except by Government agency. For example, Government may properly cease to charge for clerical establishments in the offices of supervision and control, or for the collection of district cesses which it is clearly expedient to realise along with the Government revenue. On this principle they have made assignments which will relieve both municipalities and rural boards of payments amounting to £40,000 (Rs6,00,000) a year approximately.

20. It was suggested by the Commission that municipalities should be empowered to levy a special rate for the construction or promotion of tramways. Local Governments generally are doubtful as to the value of the proposal. The Government of India will, however, be prepared to consider any practical proposal to this end, which they may receive.

21. Commenting on the minute control exercised in some provinces over municipal finance, the Commission recommended that municipalities should have a free hand with regard to their budgets; the only check required should, they thought, be the maintenance of a minimum standing balance to be prescribed by the local Government. They acknowledged that relaxed control might lead to mistakes and mismanagement, but they were of opinion that municipal bodies could attain adequate

financial responsibility only by the exercise of such powers and by having to bear the consequences of their errors. Further checks would be provided by the control which local Governments would exercise over loans, and by the power which should be reserved to compel a municipality to discharge its duties in case of default. The system proposed is stated to be in force in the Bombay Presidency where, however, no minimum balance is required by law. The Government of the United Provinces accepts the recommendations subject to the condition that Commissioners should pass and that Government should see the budgets of indebted municipalities. The Punjab Government also agrees subject to the proviso that the budget of an indebted municipality should be forwarded to the Government for information. The Government of Bengal are prepared to introduce the change experimentally in certain selected municipalities. They intend also to issue general instructions to Commissioners in this province to abstain from interference in details and to restrict their supervision to securing (1) a minimum closing balance, (2) provision for the service of loans, (3) the observance of the provisions of the Act or statutory rules and of any standing orders of Government. Other Governments concede certain relaxations of existing rules. The Government of India accept these opinions for the present, but they nevertheless regard the recommendations of the Commission as expressing a policy to be steadily kept in view and gradually realised.

22. The Commission proposed that the existing res-

<p>Estimates for public works.</p>	<p>trictions on municipalities, which require outside sanction for works</p>
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estimated to cost more than a certain amount, should be removed but that Government should scrutinize and sanction estimates of projects to be carried out from loan funds. The majority of the local Governments are prepared to relax the existing rules in the direction of giving more freedom to municipal boards. The Government of India are in favour of extended freedom subject, where necessary, to proper precautions against extravagant and ill-considered projects. They are content, however, to leave the precise extent of relaxation to be determined by local Governments. One important factor in this connection will be the quality of the professional agency available in the various boards. In their resolution no. 1019-A., dated the 10th November 1914, promulgating rules relating to the grant of loans to local bodies under the Local Authorities Loans Act, 1914, the Government of India have emphasised the necessity for a proper scrutiny of projects financed with borrowed money and they trust that the rules in question will be carefully observed.

23. It was recommended by the Commission that

Establishments.

the degree of outside control over municipal establishments should be relaxed, that the appointment of municipal secretaries or other chief executive officers, of engineers and health officers, where these exist, should require the sanction of the local Government in the case of cities, and of the Commissioner elsewhere, and that the same sanction should be required for any alteration in the emoluments of these posts, and for the appointment and dismissal of the occupants. As regards other appointments, they proposed that the local Governments should lay down

for municipal boards general rules in respect to such matters as leave, acting and travelling allowances, pensions or provident funds and maximum salaries, and that their sanction should be required for any deviation therefrom. Almost all local Governments have expressed their willingness to relax outside control over the appointment of the staff employed by local bodies. In Bombay, the system is generally that recommended by the Commission. In some other provinces, the existing rules give a free hand to municipalities, subject to outside control in the case of certain appointments. The Government of India, while considering that Government control over other posts might reasonably be relaxed, accept the view that outside sanction should be required to the appointment or dismissal of secretaries, engineers and health officers, and they have already advised local Governments to take powers where these do not exist, to require a municipality to appoint a health officer and to veto the appointment of an unfit person. Such powers already exist in the Bombay Presidency and have recently been taken by legislation in Bengal. The Imperial and Provincial Governments have given liberal grants to selected municipalities in order to establish a trained service of health officers and sanitary inspectors, the conditions of these grants being, as in England, such as will ensure the appointment of qualified men and reasonable security of tenure.

24. The Commission thought that the Collector should retain certain powers, given under the existing Special outside control. Acts, *e.g.*, the power to suspend in certain cases the operation of municipal resolutions and that the Commissioner should

be able to require a municipality which had neglected a particular service to take such action as he may consider necessary. The local Governments generally and the Government of India are of opinion that special powers of outside control are necessary and should continue.

25. The question of extending the powers of selected municipalities to enable them to relieve the pressure of population in congested areas, and to undertake schemes of orderly town-planning in order to provide for future needs, has been dealt with by the Government of India in paragraphs 43 and 44 of their Sanitary resolution nos. 888—908, dated the 23rd May 1914. A Town-Planning Bill, combining many original features with others derived from the latest English and continental legislation, has now been passed into law in the Bombay Presidency, and the Government of India will watch with deep interest the results of this experiment, which will, they trust, pioneer a fruitful expansion of municipal activities in India.

RURAL BOARDS (DISTRICT AND SUB-DISTRICT).

26. The Commission desired that sub-district boards should be universally established and that they should be the principal agencies of rural boards administration. They noted that there was a considerable body of evidence that the sub-district boards existing in Bombay, Bengal, Punjab, Bihar and Orissa and the Central Provinces had not

been efficient or successful bodies, and this they attributed largely to the circumscription of their powers and resources. They thought that these boards should have adequate funds and a large measure of independence, and that their jurisdiction should be so limited in area as to ensure local knowledge and interest on the part of the members, and be at the same time a unit well-known to the people. For this purpose they suggested the taluka or tahsil as a suitable unit. The system recommended by the Commission is in force in Madras, where, however, the territorial jurisdiction is coterminous with the revenue division. In Bombay the taluka board is universal and is the principal agency in rural board administration. In Bengal and in Bihar and Orissa the sub-district boards are merely the agents of the district boards and have restricted powers. The local Governments concerned deprecate such a reconstitution as would involve sapping the vitality of district boards while in entire agreement with the Commission that sufficient use has not hitherto been made of these bodies. In the Central Provinces where also sub-district boards with limited powers exist, a scheme has been introduced for enlarging their scope by entrusting them with the management of minor public works, sanitation, water-supply, etc., and placing an adequate share of the district council funds at their disposal for these purposes. In Assam the rural boards have jurisdiction over sub-divisional areas, and perform the duties assigned elsewhere to district boards. The Governments of the United Provinces and the Punjab and the Chief Commissioner of the North-West Frontier Province consider the scheme unsuitable in view of local conditions. Districts

in Northern India are comparatively small and form an easily controlled unit, communications are good, and moreover under existing conditions in the provinces concerned it would be more difficult to secure competent boards in tahsils than in districts. The Lieutenant-Governor of the United Provinces considers, moreover, that there is every prospect of a steady advance in the reality and utility of district boards by a continuous and orderly development of the existing system of delegation to tahsil or sub-divisional committees. The Punjab Government favours the formation of sub-committees within a district board on a local basis. The Government of India accept the views of the several local Governments in regard to their own provinces.

27. District and sub-district boards, in the opinion of the Commission, should contain a large preponderance of elected members, together with a nominated element sufficient to secure the due representation of minorities and of official experience.

In the United Provinces, the number of nominated members on a district board cannot exceed one-third of the elected members, while in the Central Provinces the number of such members cannot exceed one-third of the total number. The Government of Madras are prepared to raise the proportion of elected members to two-thirds and one-half of the maximum strength on district and sub-district boards, respectively. In Bombay, the Governor in Council regards it as inadvisable, in present conditions, to provide for an elected majority on the boards. There is already a majority of elected members in several sub-district boards in Bengal and in a few suc

boards in Bihar and Orissa. As regards district boards, the present system in Bengal provides for an elected majority to be worked up to as each district progresses in capacity for self-government. In the Punjab, the elective system has been applied to many districts and the local Government has expressed its readiness to extend it. The Chief Commissioner of Assam has adopted the principle of granting an elective majority. In the North-West Frontier Province, the change is not yet practicable owing to factional and tribal feeling. It will be seen that local Governments in general are in sympathy with the Commission's proposal.

28. The Commission were of opinion that an official
Chairmen. should remain, as he usually is at present, chairman of every district and sub-district board. They considered that the removal of the district and sub-divisional officer from the presidentship of rural boards would have the effect of dissociating them from the general interests of the district in such matters as roads, education, sanitation, etc., and would divorce them from healthy contact with instructed non-official opinion. They differentiated the circumstances of rural boards from those of municipalities, in that the latter are less connected with general district administration, that they have reached a higher level of political education and that the jurisdictional area is much smaller and more compact. All local Governments have accepted this view with which the Government of India are in agreement, though they will have no objection to non-official chairmen being retained where such exist, or appointed where a local Government or Administration desires to make the experiment.

29. The funds of district boards are mainly derived from a cess levied upon agricultural land over and above the land revenue, with which it is collected, and not usually exceeding one anna in the rupee ($6\frac{1}{4}$ per cent.) on the annual rent value. Since 1905 this income has been specially supplemented by a Government contribution amounting to 25 per cent. of the then existing income. Besides this, special grants are frequently made to district boards by local Governments. The total number of district and sub-district boards in 1912-1913 was 199 and 536, respectively, with an aggregate income of £3,787,219 (Rs5,68,08,292). In the same year they received specially large grants from the sums allotted by the Imperial Government for education and sanitation. Prior to 1913 the district boards of several provinces did not receive the whole of the land cess. For example, this cess in Bengal and Bihar and Orissa was divided into two parts, *viz.*, the road cess and the public works cess. The district boards only enjoyed the benefits of the road cess, while the public works cess belonged of right to the local Government, which returned, however, a portion in the shape of discretionary grants. In other provinces, *e.g.*, the United Provinces, the Punjab and the North-West Frontier Province, considerable deductions were made by the local Governments concerned from the cess for various purposes. In 1913 the Imperial Government made assignments to the local Governments concerned to enable them to hand over the entire net proceeds of the cess to the boards. The relief thus given amounted to £548,866 (Rs82,33,000) a year and the provinces which benefited were Bengal, the United Provinces, Bihar and

Orissa, and to a smaller extent the Punjab and the North-West Frontier Province. The income of district boards in Bengal, the United Provinces and Bihar and Orissa has mainly by this measure been increased by 44, 43, and 55 per cent., respectively, in the year 1913-1914. This notable expansion will enable them in future to undertake or develop many beneficent activities from which they have hitherto been debarred by lack of financial means.

The following statements show the proportions under various heads of income and expenditure of the district boards in the different provinces for the year 1912-1913.

Income.

PROVINCE.	PERCENTAGE OF TOTAL INCOME EXCLUDING LOANS AND ADVANCES DERIVED FROM								
	Rates.	Cattle-pound receipts.	Educational receipts.	Medical receipts.	Miscellaneous receipts.	Receipts from civil works.	Contributions.		Other items.
							From provincial to local.	From other boards.	
Madras	36·8	...	1·0	0·4	5·1	10·5	34·0	0·9	10·4
Bombay	43·2	2·0	2·5	0·1	0·3	6·4	40·5	1·7	3·3
Bengal	46·2	5·7	0·0	0·1	0·4	7·4	34·3	2·6	2·4
United Provinces	45·8	6·3	3·6	0·3	0·4	8·4	27·2	6·5	1·5
Panjab	45·8	1·4	4·0	0·3	1·3	10·2	30·7	2·1	4·2
Bihar and Orissa	53·0	4·9	0·7	...	0·4	7·6	29·6	1·5	1·5
Central Provinces	33·3	20·9	0·5	0·1	3·5	4·0	34·2	2·7	0·8
Berar	41·4	16·7	0·1	...	16·1	1·6	18·0	5·2	0·0
Assam	32·8	3·2	0·0	...	0·1	5·4	65·4	0·3	1·9
North-West Frontier Province	36·5	0·6	1·5	0·1	0·2	3·3	52·9	1·2	3·7
Coorg	28·2	3·1	2·0	1·8	4·0	15·7	30·3	0·3	4·7
Delhi	48·5	3·3	2·1	0·2	0·2	5·7	35·1	1·8	3·1

Expenditure.

PROVINCE.	Education.	Medical.	Civil works.	Refunds and drawbacks.	Administration (general establishments of local funds).	Cattle pound charges.	Miscellaneous.	Famine relief.	Contributions.	Other items.
Madras	10·3	10·0	50·6	0·1	2·9	...	2·6	...	8·4	15·1
Bombay	38·6	4·5	46·6	...	2·3	0·1	1·3	0·1	2·9	3·6
Bengal	25·3	5·9	53·7	...	3·3	0·4	0·3	...	0·5	10·6
United Provinces	31·7	12·5	45·2	...	2·7	2·0	0·1	...	2·2	3·6
Punjab	23·7	7·8	41·4	...	2·9	1·1	1·0	...	13·6	8·5
Bihar and Orissa	17·1	6·4	56·3	...	2·8	0·3	0·3	...	1·4	15·4
Central Provinces	30·0	6·3	33·0	...	3·8	6·3	0·3	...	1·0	18·3
Berar	31·7	8·4	37·8	...	3·8	3·2	0·2	...	4·6	10·3
Assam	26·4	8·7	57·8	0·2	1·5	...	0·9	...	1·6	2·9
North-West Frontier Province	30·0	12·5	34·5	...	3·8	0·1	0·3	...	7·5	11·3
Coorg	21·8	11·6	51·3	...	2·3	1·8	1·4	...	1·2	8·6
Delhi	24·4	9·2	51·0	...	3·5	1·3	0·9	...	3·3	6·4

30. It was the opinion of the Commission that

Taxation.

district boards should not be empowered to raise the land cess

beyond one anna in the rupee on the rent value, as this would be an unpopular measure. Under present conditions any proposal to raise the limit imposed by the existing law, would require the previous sanction of the Government of India. Such proposals would need the most careful consideration on the merits, and the Government of India do not consider it necessary for the present to make any pronouncement on the subject.

31. The Commission proposed to allow district boards

Railway or tramway cess. to levy a special extra land cess of 3 pies in the rupee on the annual rent value of land for the construction of light railways

or tramways conditional on the approval of the tax by not less than three-fourths of the members of the board. This resolution would be subject to confirmation after a period of six months by an equal majority, at a like meeting and to the sanction of the local Government. The Government of India, after consulting local Governments, have, with the sanction of the Secretary of State, empowered local Governments to undertake legislation, if they so desire, in accordance with the Commission's proposals. The scheme is to be commended from many points of view. It has an educative value by associating local self-government with responsibility for taxation for local objects and it opens up great possibilities of economic development. The actual imposition of the tax will in many instances probably not be necessary; the power to impose it, if necessary, will be sufficient for purposes of guarantee. In a few districts in Bengal the ordinary resources of district boards have proved sufficient for the construction of railways within the limits of the district. The eminently satisfactory results which have attended the construction of district board lines in the presidency of Madras encourage the Government of India to hope that the financial results of carefully selected schemes will in the course of a few years materially strengthen the financial resources of district boards which are in a position to undertake the construction or guarantee of these lines. Legislation to carry out the proposal has already been undertaken in Assam and is under consideration in the Punjab. The Government of India trust that other local Governments will take steps to confer the necessary powers on the local authorities and that selected boards throughout

the country will experiment on the lines suggested.

32. There are two general methods by which district boards, which possess the necessary resources, may secure the construction of a railway within the limits of the district. A district board may wait until the surplus funds, which it has accumulated from the levy of a special cess or otherwise, are adequate to justify it in undertaking construction at its own cost, or it may decide to allow to a company floated for the special purpose of the construction of the proposed railway a firm guarantee on the capital paid up. In such cases in return for the guarantee, the district board will become entitled to a share of the surplus profits over a certain fixed percentage accruing from the working of the feeder railway. If the former method be adopted, it will usually be found convenient and economical to entrust the construction and working of the railway owned by the district board to the main line—whether worked by the State or by a company—with which the district board railway connects. In the latter case, the Branch Line Company receiving the district board's guarantee may itself undertake construction and working, or may arrange for construction and working through the agency of the main line. The Government of India are of opinion that when a light railway using steam locomotives is projected outside urban limits it will ordinarily be preferable to deal with the project as a railway under the Railways Act rather than as a tramway under the Tramways Act. In any event the sanction of the Railway Department is necessary in order to ensure that the project shall not conflict with others which that Depart-

ment may have under their consideration, and the Railway Department will at all times, when so desired, endeavour to arrange suitable terms for construction and working on behalf of the district board, or on behalf of a company which has received a district board guarantee. As a result of a recent reference from the Government of Madras the Government of India have decided that when a district board has accumulated a sum which, though substantial, is insufficient to meet the entire cost of a railway project which a district board desires to carry out, there is no objection to the raising of a debenture loan on the security of the railway to be constructed and the potential resources which a district board possesses through the power to continue the levy of a railway cess. For the redemption of such debentures a special sinking fund need not be accumulated. By this expedient a district board may become the owner of a district railway at a much earlier date than would formerly have been possible. A large field is thus offered for district board enterprise. This recent decision will, it is hoped, be of substantial assistance in accelerating the construction of local feeder railways outside the Imperial programme.

33. A further recommendation was that rural boards should be given full power to pass their budgets subject only to the maintenance of a prescribed minimum balance. The procedure recommended by the Commission is stated to be already in force in the Bombay Presidency. Other local Governments generally are not prepared to accede to this complete removal of restrictions, although some of them propose some relaxation in the existing

Budgets and financial control.

rules. The Government of India consider that the present restrictions on the powers of the boards with regard generally to budget expenditure should be gradually relaxed with due regard to local conditions and requirements. The fact that an official is almost invariably president of a rural board and that powers of inspection and control by certain officers of Government are provided under the Acts relating to rural boards should ordinarily, in their opinion, be sufficient safeguards against gross inefficiency or mismanagement.

34. The Commission also proposed that the existing

Estimates for public works. stringent restrictions on rural boards with regard to estimates for public works should be removed. At present rural boards have to obtain outside sanction in respect to roads and other public works, the estimates of which involve any considerable amount, the limits varying for different provinces. In the opinion of the Government of India, which has the general support of local Governments, the grant to rural boards of full powers in the allotment of funds and the passing of estimates cannot, for the present at least, be conceded, but the extent of the necessary financial control might depend in the case of rural boards on the competence of the staff employed, and, where this varies, it would not be desirable to lay down hard and fast rules for the whole province. In such cases district boards might be placed in different classes according to the staff employed. The Government of India accept the view of the Commission that in districts where there are sufficient works to justify the special appointment of a trained engineer, a district board which desires to

entertain such an officer and can afford to pay him an adequate salary should be permitted to do so.

35. The Government of India have come to the same conclusions in the case of Establishments. establishments of rural boards as in the case of municipalities (paragraph 23 *supra*). They have recently, in their Sanitary resolution nos. 888—908, dated the 23rd May 1914, expressed the opinion that the appointment of well-qualified and whole-time district sanitary officers to control and organise all sanitary arrangements and experiments in the district is one of the urgent needs of the present time.

36. Special powers of control. Special outside control. vested in outside authorities under the existing Acts, and the Commission recommended that these should continue. The local Governments in general as well as the Government of India accept this view.

VILLAGE ORGANISATION—PANCHAYATS OR OTHER COMMITTEES.

37. The Commission recommended the constitution and development of village panchayats possessed with certain administrative powers, with jurisdiction in petty civil and criminal cases, and financed by a portion of the land cess, special grants, receipts from village cattle pounds and markets, and small fees on civil suits. This proposal, favourably commended by the Government of India, who expressed their readiness to acquiesce in some form of permissive taxation, if need be, has in general

been sympathetically received. The practical difficulties are, however, felt to be very great in many parts of India. The Government of Burma and the Chief Commissioner of the Central Provinces deprecate the introduction of a system which, in their judgment, is alien to the customs of the people and will not command public confidence. Other Governments are willing to experiment, but on different lines. The Punjab Government has already established panchayats for civil cases only and of a voluntary character. Sir Leslie Porter, when officiating as Lieutenant-Governor of the United Provinces, expressed his willingness to entrust selected panchayats with criminal as well as civil jurisdiction. The Madras Government are desirous of experimenting in the establishment of panchayats but consider that action should be confined for the present to the encouragement of voluntary self-contained organisms independent of statutory sanction and consisting of village elders conferring together for common village purposes. So far as judicial functions are concerned they are content to rely on the provisions of the Madras Village Panchayats Regulation, 1816, and the Madras Village Courts Act, 1888, which authorise the assembling of panchayats and the convening of village bench courts for the settlement of particular civil suits on the application of the parties and to encourage the operation of these enactments wherever practicable. The Governments of Bengal and of Bihar and Orissa are of opinion that their existing laws sufficiently provide for the establishment of panchayats with administrative duties, while powers to dispose of criminal cases could be given under the existing Acts dealing with these matters.

The Chief Commissioner of Assam has expressed his readiness to develop village government, and the Local Self-Government Bill which has recently passed the Legislative Council of that province permits the constitution of village authorities, the grant of funds by local boards and from other sources, and the delegation of minor powers of local control. The whole question has now been raised again in the discussions contained in the report of the Bengal District Administration Committee, 1913-1914.

38. The Commission recognised that any policy of establishing panchayats would be the work of many years, would require great care and discretion, and much patience and judicious discrimination between the circumstances of different villages. The Government of India desire that where any practical scheme can be worked out in co-operation with the people concerned, full experiment should be made on lines approved by the local Government or Administration concerned. Throughout the greater part of India the word "panchayat" is familiar. The lower castes commonly have voluntarily constituted panchayats, to whom they allow quasi-judicial authority in social matters. The more artificial administrative committees such as chaukidari panchayats, local fund unions, and village sanitation and education committees, and, in places even village panchayats, already exist. The spread of co-operative societies and the distribution of Government advances in times of famine and scarcity on joint security are educative influences. Village tribunals for the disposal of petty civil suits have got beyond the experimental stage in some places and are

in the experimental stage in others. There is, therefore, some material with which to build. The Government of India agree, however, with the view prominently brought forward by the Bengal District Administration Committee that much will depend on the local knowledge and personality of the officers who may be selected to introduce any scheme.

39. With this general commendation, the Government of India are content to leave the matter in the hands of local Governments and Administrations. They are disposed to consider that the following general principles indicate the lines on which advance is most likely to be successful:—

- (1) The experiments should be made in selected villages or areas larger than a village, where the people in general agree.
- (2) Legislation, where necessary, should be permissive and general. The powers and duties of panchayats, whether administrative or judicial, need not and, indeed, should not be identical in every village.
- (3) In areas where it is considered desirable to confer judicial as well as administrative functions upon panchayats the same body should exercise both functions.
- (4) Existing village administrative committees, such as village sanitation and education committees, should be merged in the village panchayats where these are established.
- (5) The jurisdiction of panchayats in judicial cases should ordinarily be permissive, but in order

to provide inducement to litigants reasonable facilities might be allowed to persons wishing to have their cases decided by panchayats. For instance, court fees, if levied, should be small, technicalities in procedure should be avoided and possibly a speedier execution of decrees permitted.

- (6) Powers of permissive taxation may be conferred on panchayats, where desired, subject to the control of the local Government or Administration, but the development of the panchayat system should not be prejudiced by an excessive association with taxation.
- (7) The relations of panchayats on the administrative side with other administrative bodies should be clearly defined. If they are financed by district or sub-district boards, there can be no objection to some supervision by such boards.

PRESIDENCY CORPORATIONS AND RANGOON.

40. The Commission recommended that all the presidency corporations should be invested with the powers possessed by the corporation of Bombay, and that the system of administration in force in that city, *viz.*, that of a nominated official Commissioner in combination with an elected chairman, should be extended to the other towns. They also considered that the same privileges should be conferred on the Rangoon municipality in view of its population, the large future which

Recommendations of
the Commission.

lies before it, and the strength of its commercial community.

41. The presidency municipalities are regulated by special Acts, and their resources
Bombay, Calcutta, and powers are far greater than
Madras. those of any district municipality.

In Calcutta and Madras, the municipal chairman is appointed by Government. In Bombay, he is elected, but the executive administration is vested in a Commissioner nominated by Government. He is assisted by a Deputy Commissioner appointed by the corporation subject to the confirmation of Government. The Commissioner possesses wide executive powers; in some matters he must obtain the sanction of the standing committee (a statutory body, one-third of whose members are nominated by Government); in others again of the corporation. The corporation enjoys a very full discretion in the work of municipal administration; it passes its own budget, and may impose taxation within the limits of the law; and the sanction of Government is necessary only to the appointments of health officer and engineer.

The corporation of Calcutta possesses similarly wide powers. The sanction of Government is, however, required to the execution of works costing one lakh of rupees or more and to the salary of any employé drawing more than Rs. 1,000 a month, as well as to the appointments of health officer and engineer.

In Madras, the Government possess numerous powers which are not reserved to the Governments of Bengal and Bombay.

42. As regards the main proposal of the Commission, the Government of Bengal were in 1909 disposed to agree with the preference expressed for the constitution of the Bombay municipality in respect of the offices of Municipal Commissioner and Chairman, but stated that the point would be considered hereafter, should the amendment of the Calcutta Municipal Act be undertaken. The Government of Madras agree with the corporation as to the advisability of introducing the Bombay system, and they have no objection to the general emancipation of the corporation from Government control, provided that the Municipal Commissioner is placed in a position substantially as strong as he occupies in Bombay.

43. The Government of India have accepted in the main the recommendations of the local Governments which will go far towards carrying out the proposals of the Commission. They have expressed to the Government of Madras the opinion that a free hand might be left to the corporation to impose, without the sanction of Government, any tax specifically sanctioned by the Act with regard to which maximum rates have been laid down therein. They consider that in order to provide security of tenure, the health officer, revenue officer, and engineer should not be removeable without the sanction of Government. In the case both of Calcutta and Madras, the limit of cost of works which may be undertaken without the sanction of Government will be raised to R2½ lakhs, and, with regard to Calcutta, the Government of Bengal have agreed to remove the restriction requiring the sanction of Government to

salaries carrying more than ₹1,000 a month. The appointments of health officer and engineer will continue to require this sanction.

44. With regard to Rangoon, the Government of Burma is not prepared to make the concessions recommended. The circumstances of Calcutta, Madras and Rangoon are in many respects widely different, and the Government of India defer, at any rate at present, to the views of the local Government on this point. But they observe, as a general proposition, that in cities where there is a responsible public press and representation in the Provincial Councils, the case for entrusting large powers and extended freedom to the municipal bodies appears to be specially strong.

45. The suggestion that Government control over Local Government rural boards and municipalities should be exercised in each province by a Local Government Board, which should contain a proportion of non-official members, was not accepted by the Commission. They considered that, since their proposals would greatly reduce the outside control exercised over the proceedings of municipal and rural boards and would provide for the delegation in large measure of such powers of guidance as are necessary to Commissioners and other local officers, no benefit would be derived from the creation of a special controlling board of this nature. The Government of India also are not prepared to support the proposal, which is not only unnecessary, in the opinion of the local Governments consulted, but is undesirable as tending to perpetuate the very centralisation in local affairs, which it is the object of Government to diminish.

46. In conclusion, the Governor-General in Council

Conclusion.

hopes that this declaration of policy
may lead to steady and sound pro-

gress, without hampering local Governments and Ad-
ministrations or unduly fettering local self-government.

It is designed to mark a definite advance in devolution
and political education. His Excellency in Council
trusts that it will be interpreted in the spirit in which
it is framed, a spirit of prudent boldness, calculating
risks but not afraid to take them in the cause of
progress.

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